



September 29, 2016

**BY ELECTRONIC FILING**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: *Connect America Fund ETC Annual Reports and Certifications Rural  
Broadband Experiments, WC Docket Nos. 10-90, 14-58 and 14-295*

Dear Ms. Dortch:

On September 29, 2016, Hughes Network Systems, LLC ("Hughes") met with staff from the Wireline Competition Bureau and the Wireless Telecommunication Bureau to discuss issues in the above-referenced proceeding regarding the Connect America Fund Phase II ("CAF II") competitive bidding process. Hughes was represented by Jennifer A. Manner, Senior Vice President, Regulatory Affairs; Michael Cook, Senior Vice President of North America Sales; and Jodi Goldberg, Associate Corporate Counsel, and outside counsel, L. Charles Keller, of Wilkinson Barker Knauer LLP. Hughes met to discuss the above-referenced proceeding with Carol Matthey, Deputy Chief; Alexander Minard, Deputy Division Chief; Heidi Lankau, Attorney Advisor; and Katie King, Special Counsel, all of the Wireline Competition Bureau, as well as Gary Michaels, Deputy Chief and Eliot Maenner, Economist, in the Wireless Telecommunications Bureau.

In the meeting the parties discussed the attached talking points, explaining Hughes's recommendations for the design of the weighting process to be used in the CAF II auction, which were distributed to the attendees.

Pursuant to the Commission's rules, this notice is being filed in the above-referenced dockets for inclusion in the public record. Please contact me should you have any questions.

Respectfully submitted,

/s/ Jodi Goldberg

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Attachment

cc

Carol Matthey  
Alexander Minard  
Gary Michaels  
Heidi Lankau  
Katie King  
Eliot Maenner



**Hughes Network Systems**  
**Connect America Fund Phase II**  
**September 2016**

- As Hughes noted in its comments, it is critical that the weighting process for the CAF II auction be fair and on a technology neutral manner.
- The first step in the weighting process should consider how much funding is available to weight bids
  - Determine whether sufficient support is available to fund bids at the baseline service tier to all eligible locations for which bids were received
  - If not, the budget does not support weighting bids beyond the actual bid levels
- Thereafter, weight bids modestly within each tier to ensure the auction “identif[ies] those providers that will make most effective use of the budgeted funds, thereby extending service to as many consumers as possible.” *Transformation Order* ¶ 179
  - Most commenters (including ITTA, Verizon, USTelecom, and Rural Wireless Association) agreed that weighting per tier should be modest (see attached)
  - Only comments advocating for significant weighting for gigabit tier were from fiber providers seeking to advantage their technology despite its inferior cost-effectiveness
  - Weighting for latency also should be modest, taking into account the safeguards built into the framework
- Specifically, the Commission should consider adopting the following framework:

Performance Tier	Speed	Usage Allowance	Weight
Minimum	$\geq 10/1$ Mbps	$\geq 150$ GB	0 (at bid amount)
Baseline	$\geq 25/3$ Mbps	$\geq 150$ GB or U.S. median, whichever is higher	-10% of bid amount
Above Baseline	$\geq 100/20$ Mbps	Unlimited	-20% of bid amount
Gigabit	$\geq 1$ Gbps/500 Mbps	Unlimited	-30% of bid amount

Latency	Requirement	Weighting
Low Latency	$\leq 100$ ms	-10% of bid amount
High Latency	$\leq 750$ ms & MOS of $\geq 4$	0 (at bid amount)



- Other commenters were generally supportive:
  - ITAA recognized the need to not differentiate significantly between 1 Gig and lower speeds, but urged the FCC to adopt an approach that maximizes broadband deployment in the most efficient manner.US
  - USTelecom proposed a similar scheme:

Performance Tier	Speed	Usage Allowance	Scoring Criteria
Minimum	10/1 Mbps	≥ 150 GB	0 Points
Baseline	25/3 Mbps	≥ 150 GB or U.S. median, whichever is higher.	10 Points
Above Baseline	100/20 Mbps	Unlimited	20 Points
Gigabit	Gig/500 Mbps	Unlimited	25 Points

- Verizon urged the FCC to set the weights with care so as to maximize the number of homes and businesses that obtain at least the baseline level of broadband from the auction. In order to maximize the number of locations served, while still recognizing the additional capabilities offered by the higher tiers, the Commission should set the weight for the baseline tier in the range of 10 percent; the weight for the above-baseline tier 10 percent above the weight for the baseline tier; and the weight for the gigabit tier 5 percent above the weight for the above-baseline tier.
- The Rural Wireless Association supported a scheme in which the Commission assigns weight to bids in the following manner.
  - Performance Tiers
    - No weight assigned to bids committing to the “Minimum” tier.
    - Incrementally increasing weight assigned to bids committing to the “Baseline” and “Above Baseline” tiers.
    - No weight assigned to bids committing to the “Gigabit” tier.
  - Latency Levels
    - No weight assigned to bids committing to high latency.
    - Modest weight assigned to bids committing to low latency.
- Apply a Tribal bidding credit of at least 10 percent to bids to provide service in unserved Tribal lands.